TEACHERS'RETIREMENT BOARD

INVESTMENT COMMITTEE MEETING

SUBJECT:	Update on State Legislation	ITEM NUMBER: 9
		ATTACHMENT(S): 1
ACTION:		MEETING DATE: October 7, 1998
INFORMATION: X		PRESENTER: Ms. DuCray-Morrill

Summary

A verbal update on legislative activity will be presented by Ms. DuCray-Morrill at the Board meeting.

Monthly Status

For your information, Attachment I is a status report that represents the progress of investment related legislation to date. Ms. DuCray-Morrill will provide a verbal update at the meeting if necessary.

STATE TEACHERS' RETIREMENT SYSTEM

LEGISLATIVE SUMMARY - INVESTMENTS

1997-98 Regular Session - September 14, 1998

BILL NO. >>> STATUS <<<<<<<<<<

CA AB 1744 AUTHOR: Knox, Honda & Pereta

TITLE: Tobacco Investments

AMENDED: 05/07/98

LOCATION: Assembly Appropriations (Suspense File)

POSITION: *Oppose

SUMMARY: Would: 1) prohibit new or additional investments by the TRF and the PERF in tobacco companies on and after January 1, 1999; 2) require phased divestment of one-third of current holdings each year beginning January 1, 2000, and continuing until January 1, 2002; 3) require the Board to make specified investment valuations at specified intervals; declare that specified results of such valuations be considered as a normal cost deficit pursuant to Section 22955 (Elder Full Funding); and 4) require both STRS and PERS to report to the Legislature on or after January 1, 2002 regarding the effect of the divestiture on employer contribution rates. The bill provides for indemnification for Board members and their agents and employees in the event of lawsuit.

COST:

Program – Annual investment losses of \$28.1 million and a one time cost of \$8.1 million in lost commissions, or 2.15% of the value of STRS tobacco holdings to divest in tobacco and related investments

Administrative – Possible \$.9 million in commissions, or about \$300,000 each of the three years, to divest in tobacco and related investments

P – Authors (Sponsors), AFSCME, ALA, CPFFA, CalPIRG, CTA, Phil Angelides for Treasurer

O – Cal-Tax, PERS, STRS, Other interested parties

P – Author (Sponsor), AFSCME, ACS, AHA, ALA, CPFFA, CalPIRG, Phil Angelides for Treasurer O – CalSTRS, CalPERS, Cal-Tax, The Tobacco Institute

STATE TEACHERS' RETIREMENT SYSTEM

LEGISLATIVE SUMMARY - INVESTMENTS

1997-98 Regular Session - September 14, 1998

BILL NO. >>> STATUS <<<<<<<<<<

CA SB 1879 AUTHOR: Hayden

TITLE: State Government Financial Transactions: retirement systems

AMENDED: 08/21/98 LOCATION: To Governor POSITION: *No Position

SUMMARY: Provisions prohibiting the use of specified state funds, including TRF, in specified Swiss banks or Swiss investment firms from January 1, 1999 until January 1, 2000 deleted from the bill. Bill now has no impact on STRS.

COST: Program – None

Administrative - None

P – Authors (Sponsors), Various representatives of 9 Jewish organizations

O – DOF, PERS (Oppose unless amended), Swiss Bankers Association

CA SB 1945 AUTHOR: Karnette

TITLE: CalSTRS Home Loan Program

AMENDED: 06/24/98

LOCATION: Enacted 08/31/98 (Chapter 419, Statutes 1998)

POSITION: *Co-sponsor

SUMMARY: Establishes a 100% financing home loan program providing CalSTRS to loan up to 5% of the home's purchase price/value using up to 50% of the members'/buyers' retirement contributions as collateral.

COST: Program – None

Administrative – No net cost to system. All costs paid by

participating members

P – Author, CalSTRS (Co-sponsor), ACSA, ART, CFT, CRTA, CTA, FACCC, UTLA

O – None Known

STATE TEACHERS' RETIREMENT SYSTEM

LEGISLATIVE SUMMARY - INVESTMENTS

1997-98 Regular Session - September 14, 1998

BILL NO. >>> STATUS <<<<<<<<<<<

CA SB 2126 AUTHOR: Senate PE&R

TITLE: Repurchase of Service Credit

AMENDED: 08/25/98 LOCATION: To Governor POSITION: *Sponsor

SUMMARY: Permits (1) CalSTRS members to take up to 120 months to pay for permissive service purchases consistent with the payback period for out-of-state service credit; (2) the purchase of out-of-state service credit to count toward vesting; (3) the purchase of nonqualified service; and (4) expands the existing STRS credit enhancement program.

COST: Program - Participating members would pay any program costs

Administrative - Minor and absorbable

P - CalSTRS (Sponsor), ACSA, CFT

O - None Known

Revised 09/25/98 4:34:15 PM

L E G E N D OF ABBREVIATIONS

P = PROPONENTS O = OPPONENTS

ABBREVIATION ORGANIZATION

AALA Associated Administrators of Los Angeles

ACCCA Association of California Community College Administrators

ACLU American Civil Liberties Union ACS American Cancer Society

ACSA Association of California School Administrators

AFSCME American Association of State, County and Municipal Employees

AFT American Federation of Teachers
AGENCY State and Consumer Services Agency

AHA American Heart Association ALA American Lung Association

ALADS Association for Los Angeles Deputy Sheriffs

ART Association of Retired Teachers
AGO Attorney General's Office
BOE Board of Equalization

BOG Board of Governors, California Community Colleges

Cal-Tax California Taxpayers Association
CalPERS Public Employees Retirement System
CalSTRS State Teachers' Retirement System
CalPIRG California Public Interest Group

CASBO California Association of School Business Officers

CCA Community College Association

CCAE California Council for Adult Education

CCC California Community Colleges
CFA California Faculty Association
CFT California Federation of Teachers
CHA California Heart Association

CPOA California Peace Officers' Association CPCA California Police Chiefs' Association

CPFFA California Professional Firefighters Association

CRTA California Retired Teachers Association
CSAC California Association of Counties
CSBA California School Boards Association
CSEA California School Employees Association

CSL California Senior Legislature
CSU California State University
CTA California Teachers Association

DOE Department of Education
DOF Department of Finance

DGS Department of General Services

DPA Department of Personnel Administration

L E G E N D OF ABBREVIATIONS P = PROPONENTS O = OPPONENTS

ABBREVIATION ORGANIZATION

FACCC Faculty Association of California Community Colleges

FCPHE Faculty Coalition for Public Higher Education

FTB Franchise Tax Board FSC Free Speech Coalition

LADSA Los Angeles Deputy Sheriffs' Association
LAUSD Los Angeles Unified School District

MPAA Motion Picture Association of America, Inc.
OCDE Orange County Department of Education

PARS Public Agency Retirement System **PRF** Public Employees Retirement Fund RPEA Retired Public Employees Association Recording Industry Association of America **RIAA** State Association of County Retirement Systems **SACRS** Sacramento County Deputy Sheriffs Association SCDSA SBMA Supplemental Benefit Maintenance Account San Diego County Office of Education SDCOE

SEIU Service Employees International Union SLC State Lands Commission SSC School Services of California

SSDA Small School Districts' Association

START State Teachers' Automation Redesign Team

TFD Teachers for Fair Disability
TRB Teachers' Retirement Board
TRF Teachers' Retirement Fund
TRL Teachers' Retirement Law

USERRA Uniformed Services Employment and Reemployment Rights Act

UTLA United Teachers Los Angeles

STANDING COMMITTEES OF THE ASSEMBLY/SENATE

Assembly PER&SS Assembly Public Employees Retirement and Social Security

Senate IR Senate Industrial Relations